

Message Text

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ACTION EB-03

INFO OCT-01 SSO-00 SS-14 PM-03 SP-02 L-01 ARA-06 INR-05

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 4591

C O N F I D E N T I A L LIMA 2721

STADIS////////////////////////////////

LIMDIS

FOR EB/TT/OA - STYLES

E.O. 11652: GDS

TAGS: EAIR, PE

SUBJ: CIVAIR - DISPUTE WITH PERU - SECOND SESSION

BRANIFF/AEROPERU NEGOTIATIONS

REF: LIMA 2686

1. SOTO OPENED SECOND SESSION BY STATING THAT BRANIFF PROPOSAL HAD BEEN CONSIDERED BY AEROPERU AND DGTA AND IS UNACCEPTABLE. HE THEN TABLED COUNTERPROPOSAL CONSISTING OF TOTAL OF 24 FLIGHTS, 15 TO NORTH AND 9 SOUTH, ALL WITHOUT QUOTA. AGREEMENT WOULD BE FOR ONE YEAR.

2. SOUTH ASKED WHAT VALIDITY FEBRUARY 17 PROPOSAL HAS AND POINTED OUT THAT BRANIFF IS PREPARED TO ACCEPT SOMETHING QUITE SIMILAR TO IT. HE SAID SOTO'S PRESENT PROPOSAL IS WORSE THAN THE 24 FLIGHTS PROPOSAL WHICH DEL SOLAR HAD TOLD DGTA BERCKEMEYER IS OUT OF THE QUESTION FOR BRANIFF. SOTO REPLIED THAT FEBRUARY 17 PROPOSAL HAD BEEN REJECTED BY BRANIFF AND POINTED OUT THAT HIS LATEST PROPOSAL IS WITHOUT RESTRICTIONS. SOUTH ANSWERED THAT IT WOULD NOT BE ECONOMICALLY VIABLE.

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EM SOUTH ASKED AEROPERU'S POSITION ON STOPOVERS. SOTO REPLIED THAT BERCKEMEYER'S VIEW IS THAT SINCE BRANIFF IS AN IATA AIRLINE AND SINCE THE IATA DEFINITION OF STOPOVER IS TWENTY-FOUR HOURS, THIS THEN IS GOP POSITION. BERCKEMEYER HAD DENIED HAVING SAID OTHERWISE TO DEL SOLAR. DEL SOLAR REPLIED THAT BOTH BERCKEMEYER AND LEON DE VIVERO HAD CLEARLY SAID THAT BRANIFF'S POSITION ON STOPOVERS WOULD BE ACCEPTABLE WITHIN CONTEXT OF OVERALL AGREEMENT.

4. SOUTH SAID A PERMIT ON ANY OTHER BASIS WOULD SIMPLY BE A PERMIT TO LOSE MONEY. HE SAID HE WAS PREPARED TO NEGOTIATE ON THE BASIS OF THE FEBRUARY 17 OFFER INCLUDING QUOTAS, BUT WITH STOPOVERS. SOTO REPLIED THAT FEBRUARY 17 PROPOSAL RETAINED ITS VALIDITY BUT MUST BE ADHERED TO COMPLETELY. FOR BOTH AEROPERU AND GOP, 32 FLIGHTS FOR BRANIFF WOULD BE COMPLETELY UNACCEPTABLE; THE TOTAL CANNOT BE MORE THAN 24. SOUTH REPLIED THAT THE FEBRUARY 17 PROPOSAL PROVIDED FOR MORE. BASED ON THIS PROPOSAL, HE SAID BRANIFF COULD ACCEPT FOLLOWING SCHEDULE:

POINT	TO AND FROM LIMA
NEW YORK	7 (10 UNTIL PL OPERATES)
WASHINGTON	3
SAN FRANCISCO	3
LOS ANGELES	3
MIAMI	7 (SUBJECT TO LATER STUDY)
PANAMA	10
BOGOTA	2
CALI	2
QUITO	4
GUAYAQUIL	4
LA PAZ	5
SANTIAGO	5
ASUNCION	3
BUENOS AIRES	6
SAO PAULO	4
RIO DE JANEIRO	4

5. SOUTH ASKED WHETHER ON RESTRICTED FLIGHTS BRANIFF COULD CARRY TRAFFIC FROM LIMA TO INTERMEDIATE POINTS NOT SERVED BY AEROPERU, SINCE SUCH TRAFFIC IS OF NO ECONOMIC CONFIDENTIAL

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CONSEQUENCE TO AEROPERU. AEROPERU REPLIED THAT BRANIFF COULD NOT AND THAT ITS OBJECTION IS BASED ON PRINCIPLE; AEROPERU DOES NOT THINK SOLELY IN ECONOMIC TERMS.

6. RESPONDING TO SOUTH'S PROPOSAL, SOTO SAID THAT WITH RESPECT TO FLIGHTS SOUTH, BRANIFF COULD EITHER TAKE NINE FLIGHTS WITHOUT QUOTAS OR THE FEBRUARY 17 PROPOSAL WITH QUOTAS, INCLUDING STOPOVER TRAFFIC. THE LATTER PROPOSAL IS

BASED SOLELY ON 24-HOUR STOPOVERS, AND IF THIS IS UNACCEPTABLE THE PROPOSAL IS WITHDRAWN. SOUTH SUGGESTED THAT QUESTION OF STOPOVERS BE LEFT TO GOVERNMENTS TO DECIDE. IF THEY AGREED THAT STOPOVERS WOULD BE EXQUOTA, THEN "WE WOULD HAVE AN AGREEMENT." SOLARI OF FOREIGN MINISTRY THEN INTERJECTED THAT TWO QUESTIONS HAD TO BE CONSIDERED SEPARATELY. IF TWO GOVERNMENTS DID AGREE ON STOPOVER TRAFFIC, THEN AEROPERU WOULD STILL HAVE TO WITHDRAW THE FEBRUARY 17 PROPOSAL BECAUSE IT IS BASED ON 24-HOUR STOPOVER CONCEPT, AND NEW AGREEMENT WOULD HAVE TO BE NEGOTIATED FROM SCRATCH. SOTO REPEATED THAT HIS LATEST PROPOSAL AND FEBRUARY 17 PROPOSAL WERE BASED ON QUITE DIFFERENT CONCEPTS AND CANNOT BE MIXED.

7. AT THIS POINT MEETING BECAME RATHER HEATED WITH EACH SIDE CHARGING THE OTHER WITH INFLEXIBILITY AND WITH AEROPERU REPEATING MANY OF THE TENETS OF ITS CIVIL AIR PHILOSOPHY. INTER ALIA, SOUTH ASKED WHAT BRANIFF IS GETTING IN RETURN FOR HELPING AEROPERU WITH NEW YORK. SOTO SAID BRANIFF WOULD BE GETTING BRAZIL, WHICH IS NOT PROVIDED FOR IN THE BILATERAL; IN ANY CASE, AEROPERU HAS BEEN RETHINKING NEW YORK AND MAY NOT WANT IT. (SIGNIFICANTLY, SOTO APPARENTLY DID NOT MENTION NEW YORK IN HIS MOST RECENT PRESS CONFERENCE LIMA 2677.) AEROPERU ALSO EXPRESSED DISINTEREST IN INCLUSION IN BRANIFF'S COMPUTER RESERVATION SYSTEM.

8. SOTO FINALLY ASKED HOW BRANIFF COULD PRESENT A PROPOSAL, AS IT HAD THE DAY BEFORE, CALLING FOR 32 FLIGHTS. THIS IS NOT FLEXIBILITY, 24 FLIGHTS IS THE MAXIMUM BRANIFF CAN HAVE. SOUTH SAID THAT IF SOTO STICKS TO THIS, THERE IS NO FLEXIBILITY; SURELY THERE MUST BE SOME WAY OF SPLITTING THE DIFFERENCE. SOTO SAID THE SPIRIT OF FLEXIBILITY WAS PRECISELY WHAT PROMPTED HIM TO MAKE HIS LATEST PROPOSAL INCORPORATING NO RESTRICTIONS, AND IT IS THEREFORE WORTH BRANIFF'S TIME
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TO STUDY IT; 24 FLIGHTS IS NOT BAD SINCE BRANIFF HAS, IN FACT ONLY 16 AT PRESENT.

9. COMMENT: TOGETHER WITH BRANIFF WE ARE CONSIDERING WHERE WE GO FROM HERE. DO YOU HAVE ANY COMMENT ON COURSE OF THESE CURRENT NEGOTIATIONS WHICH YOU WOULD LIKE US TO TAKE INTO ACCOUNT?
DEAN

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